

CHAPTER 29. NEW JERSEY STATE BOARD OF ACCOUNTANCY

SUBCHAPTER 1. GENERAL RULES

13:29-1.1 Establishing name of Board

The Board shall be known as the New Jersey State Board of Accountancy, and shall maintain an office in the State of New Jersey for the regular transaction of its business

13:29-1.2 Meetings

(a) The Board shall hold an annual meeting, in each year, in the month of April for the purpose of electing officers, from among its members, each for the term of one year, or until a qualified successor has been duly elected.

(b) Regular monthly meetings will be held in accordance with a published schedule of meetings. Special meetings may be held at the request of any Board member.

13:29-1.3 Notification of change of address; service of process

(a) A licensee of the Board of Accountancy shall notify the Board in writing of any change of address from that currently registered with the Board and shown on the most recently issued license. Such notice shall be sent to the Board by certified mail, return receipt requested, not later than 30 days following the change of address.

(b) Failure to notify the Board of any change of address pursuant to (a) above may result in disciplinary action in accordance with N.J.S.A. 45:1-21(h) and the imposition of the penalties set forth in N.J.S.A. 45:1-25.

(c) Service of any administrative complaint or other Board-initiated process at a licensee's address currently on file with the Board shall be deemed adequate notice for the purposes of N.J.A.C. 17:27 and commencement of any disciplinary proceedings.

13:29-1.4 Filing constitutes agreement

The act of filing an application for examination, or a certificate by endorsement, shall constitute an agreement on the part of the applicant that he will observe and conform to the requirements of this chapter.

13:29-1.5 Fees

(a) Fees for original applications, examinations, reexaminations and renewals, for Certified Public Accountants, Public Accountants, partnerships, professional corporations, limited liability companies, or limited liability partnerships and for Certified Public Accountants' license by endorsement are as follows:

1. Application fee: \$75.00;
2. Examination fee, Registered Municipal Accountant: \$225.00;
3. Reexamination fee, Registered Municipal Accountant: \$175.00;
4. Endorsement as Certified Public Accountant: \$100.00 plus the application fee as set forth in (a)1 above;
5. Initial license fee for Certified Public Accountant, Registered Municipal Accountant, partnerships, professional corporations, limited liability companies, limited liability partnerships:
 - i. During the first year of a triennial registration period: \$90.00;

ii. During the second year of a triennial registration period: \$60.00;

iii. During the third year of a triennial registration period: \$30.00;

6. Triennial registration for Certified Public Accountant, Public Accountant, Registered Municipal Accountant, partnerships, professional corporations, limited liability companies, limited liability partnerships: \$90.00;

7. Reinstatement of license: \$150.00;

8. Late renewal fee: \$50.00;

9. Triennial renewal, retired or inactive licensees: \$45.00;

10. Triennial registration fee for Public School Accountant: \$50.00.

(b) Entities filing an application to become Sponsors of Continuing Professional Education shall pay a fee of \$100.00 for administrative costs and evaluation of programs submitted.

1. Sponsor fees shall be charged on a biennial basis on the first business day of July of each odd numbered year.

13:29-1.6 Notification of convictions

Any licensee of the Board of Accountancy, upon conviction of any crime, shall notify the Board of Accountancy of such conviction in writing within 30 days.

13:29-1.7 through 13:29-1.13 (reserved)

SUBCHAPTER 1A. EXAMINATION AND LICENSURE

13:29-1A.1 Applications for examination; applicant qualifications

(a) An applicant for licensure as a certified public accountant shall pass the computer-based Certified Public Accountant Examination, prepared by the Board of Examiners of the American Institute of Certified Public Accountants. Applications to take the Certified Public Accountant Examination shall be made on a form provided by the Board and shall be filed with the Board by the due date specified by the Board in the application form.

(b) An application to take the Certified Public Accountant Examination shall not be considered filed until the applicant remits the application fee set forth in N.J.A.C. 13:29-1.5 and the examination fee set forth in the application, and the applicant has satisfied the requirements set forth in N.J.A.C. 13:29-1A.3.

(c) Applicants shall appear upon request before the Board or any Committee appointed by the Board for the purpose of determining whether the applicant satisfies the requirements set forth at N.J.A.C. 13:29-1A.3.

(d) An applicant who fails to appear for the Certified Public Accountant Examination shall forfeit all fees remitted for the application. An applicant who fails to appear shall also forfeit all fees remitted for the examination unless the applicant can demonstrate good cause for the failure to appear. Upon a demonstration of good cause, the examination fees may be applied to a future examination.

(e) The Board or its designee shall forward notification of an applicant's eligibility to take the Certified Public Accountant Examination to the National Association of State Boards of Accountancy (NASBA) National Candidate Database.

(f) Eligible applicants shall be notified at the time and place of the Certified Public Accountant Examination by the Board or its designee.

13:29-1A.2 Examination

(a) Upon approval of an examination application submitted pursuant to N.J.A.C. 13:29-1A.1, an admission card shall be sent to the applicant which shall be used for admittance to the examination room. The card shall be kept in the possession of the applicant during the Certified Public Accountant Examination and handed to a proctor at the conclusion of the applicant's examination.

(b) Applicants for the Certified Public Accountant Examination shall be given a number for identification purposes and only this number shall be used for testing purposes.

(c) The advisory grading service provided by the American Institute of Certified Public Accountants shall be utilized and, to pass the examination, an applicant shall receive a minimum grade of 75 in each test section.

(d) An applicant shall pass all four test sections of the Certified Public Accountant Examination. Upon receipt of advisory grades from the examination provider, the Board shall review and accept the examination grades and shall report the official results to the applicant.

13:29-1A.3 Applications for examination; education and experience requirements

(a) Applications to take the Certified Public Accountant Examination shall be accompanied by the following items:

1. A two-inch by two-inch passport photograph, front view, without a hat, taken within 30 days prior to filing an application; and

2. An evaluation of educational credentials from CPA Examination Services, 150 Fourth Avenue, Nashville, TN 37219, telephone 1-800-CPA-EXAM (272-3926), certifying that the applicant has met the educational requirements set forth in (b) below.

(b) Except as provided in (c) below, an applicant to take the Certified Public Accountant Examination shall satisfy the following educational requirements in order to qualify for licensure:

1. Until July 1, 2000, an applicant shall possess a baccalaureate degree, or its equivalent, based upon a curriculum that includes a minimum of 60 semester hours selected from courses in English, history, foreign languages, mathematics, general psychology, philosophy, biological sciences, physical sciences, economics, sociology, religion, government, political science, geography, fine arts and music; and a minimum of 60 semester hours in professional courses including: at least 24 semester hours in accounting including municipal and government accounting; at least six semester hours in business law; at least six semester hours in finance; at least six semester hours in economics; and at least 18 semester hours in related business subjects;

2. After July 1, 2000, an applicant to take the Certified Public Accountant Examination shall have completed at least 150 hours of education, including a baccalaureate or higher degree. An applicant shall be deemed to have satisfied the educational requirement if, as part of the 150 semester hours of education, the applicant has satisfied any one of the following four conditions:

i. The applicant has earned a graduate degree with a concentration in accounting from an accounting program or department which has been granted level three accreditation by the American Assembly of Collegiate Schools of Business (AACSB), the Association of Collegiate Business Schools and Programs (ACBSP), or any other national accreditation agency with standards that are substantially similar to the standards utilized by the AACSB or the ACBSP;

ii. The applicant has earned a graduate degree from a business school or college of business which has been granted level

two accreditation by the AACSB, ACBSP or any other national accreditation agency with standards that are substantially similar to the standards utilized by the AACSB or the ACBSP, and completed either (b)2ii(1) or (2) below. An applicant may complete an equivalent combination of undergraduate and graduate level coursework based upon a 3:2 ratio such that three credit hours at the undergraduate level are equivalent to two credit hours at the graduate level. The applicant shall have completed either:

(1) At least 24 semester hours in accounting at the undergraduate level; or

(2) At least 15 semester hours in accounting at the graduate level which included coursework in financial accounting, auditing, taxation and management accounting;

iii. The applicant has earned a baccalaureate degree from a business school or college of business which has been granted level two accreditation by AACSB, ACBSP or any other national accreditation agency with standards that are substantially similar to the standards utilized by the AACSB or the ACBSP, and completed the following:

(1) At least 24 semester hours in accounting at the undergraduate level or the graduate level, which included coursework in financial accounting, auditing, taxation and management accounting; and

(2) At least 24 semester hours in business courses (other than accounting courses) at the undergraduate level;

iv. The applicant has earned a baccalaureate or higher degree from an educational institution which has been granted level one accreditation from the Middle States Association of Colleges and Schools, Commission on Higher Education or any other regional accrediting agency with standards that are substantially similar to the standards utilized by the Middle States Association of Colleges and Schools, Commission on Higher Education. The applicant shall have completed the following:

(1) At least 30 semester hours in accounting, which included coursework in financial accounting, auditing, taxation and management accounting; and

(2) At least 24 semester hours in business courses (other than accounting courses) at the undergraduate or graduate level.

(c) Notwithstanding the provisions of (b)2 above, an applicant who applies prior to July 1, 2005, shall qualify for examination if the applicant has a baccalaureate degree or its equivalent from an institution of higher education accredited by a regional accrediting agency recognized by the Commission on Higher Education. Such applicant, however, shall not be issued a license until successful completion of at least 150 semester hours of education, as set forth in (b)2 above. The 150 semester hours of education requirement shall not apply to an applicant who obtained a baccalaureate degree or its equivalent prior to July 1, 2000 and was qualified for licensure prior to such date, as set forth in (b)1 above.

(d) An applicant for a Certified Public Accountant's license who meets the requirements of (b) or (c) above to the Board's satisfaction shall be granted admission to sit for the Certified Public Accountant Examination.

(e) An applicant who has passed all parts of the Certified Public Accountant Examination shall furnish evidence of one year of intensive and diversified experience in the practice of public accounting or its equivalent under the supervision of a Board licensee. Experience shall be obtained in full-time regular employment based on a minimum of 35 hours per week. Part time experience shall be considered equivalent if acquired within two consecutive years and in no less than the same amount of hours required for full time experience. Experience shall be considered intensive and diversified if experience is acquired in the areas of auditing or accounting. Such evidence shall take the form of a notarized affidavit on the employer's letterhead indicating in detail the nature of the intensive and diversified experience in auditing or accounting.

(f) In lieu of the experience required in (e) above, the Board shall accept four or more years of experience obtained by an

applicant, prior to April 6, 1998, working in government, industry or education without the supervision of a licensed public accountant or a certified public accountant. The Board shall accept such experience until April 6, 2004.

(g) In lieu of the experience required in (e) above, the Board shall accept four or more years of experience obtained by an applicant, on or after April 6, 1998, working in government, industry or education without the supervision of a licensed public accountant or a certified public accountant. The Board shall accept such experience until April 6, 2002.

(h) The Board may, in its discretion, evaluate any and all accounting and auditing experience obtained by any applicant and give appropriate credit for said experience toward the experience required in this section.

13:29-1A.4 Granting of examination credit; reexamination; conditional credit

(a) An applicant may take the required test sections of the Certified Public Accountant Examination individually and in any order. Credit for any test section(s) passed shall be valid for 18 months from the actual date the applicant took that test section, without having to attain a minimum score on any failed test section(s) and without regard to whether the applicant has taken other test sections.

(b) The applicant shall take and pass all four test sections of the Certified Public Accountant Examination within a rolling 18-month period, which begins on the date that the first test section(s) passed within such rolling 18-month period is taken.

(c) In the event that the applicant does not take and pass all four test sections of the Certified Public Accountant Examination within the rolling 18-month period, credit for any test section(s) passed outside the new 18-month period, which shall commence pursuant to (b) above, shall expire and that test section(s) shall be retaken.

(d) Applicants shall not retake a failed test section(s) in the same examination window. For purposes of this section, "examination window" means a three-month calendar quarter during which applicants have an opportunity to take the Certified Public Accountant Examination (comprised of the first two months of such quarter during which the examination is available to be taken and the final month of such quarter during which the examination will not be offered while routine maintenance is performed and the item bank is refreshed).

(e) An applicant shall retain credit for any and all test sections of an examination passed in another state if such credit would have been given, under then applicable requirements, if the applicant had taken the examination in this State.

(f) The Board may, in particular cases, extend the term of conditional credit validity notwithstanding the requirements of provisions in (a) through (d) above, upon a showing that the credit was lost by reason of circumstances beyond the applicant's control or in cases of substantial hardship presented by the applicant to the Board.

(g) An applicant shall be deemed to have passed the Certified Public Accountant Examination once the applicant holds at the same time valid credit for passing each of the four test sections of the examination. For purposes of this section, credit for passing a test section of the examination shall be valid from the actual date of the testing event for that test section, regardless of the date the applicant actually receives notice of the passing grade.

13:29-1A.5 Transition period for conditional credit earned in or before November 2003

(a) Applicants having earned conditional credit on the paper-and-pencil Certified Public Accountant Examination in or before November 2003, consistent with N.J.A.C. 13:29-1A.6, shall retain conditional credit for the corresponding test sections of the computer-based Certified Public Accountant Examination, consistent with (b) below, as follows:

Paper-and-Pencil Examination
Auditing
Financial Accounting and Reporting (FARE)
Accounting and Reporting (ARE)
Business Law and Professional
Responsibilities (LPR)

Computer-Based Examination
Auditing and Attestation
Financial Accounting and Reporting
Regulation
Business Environment and Concepts

(b) Applicants who have attained conditional status in or before November 2003 shall be allowed a transition period to complete any remaining test sections of the Certified Public Accountant Examination. The transition period shall be the maximum number of opportunities that applicants who have obtained conditional credit under the paper-and-pencil examination have remaining after the November 2003 examination, consistent with N.J.A.C. 13:29-1A.6, to complete all remaining test sections, or a time period equal to the number of remaining opportunities under the paper-and-pencil examination multiplied by six months (which time period shall commence on the start date of the computer-based examination), whichever is first exhausted, as follows:

1. If conditional status was earned during the May 1999 examination, the transition period shall expire on October 31, 2004 during which time the applicant shall have one opportunity to take the examination;
2. If conditional status was earned during the November 1999 examination, the transition period shall expire on April 30, 2005 during which time the applicant shall have two opportunities to take the examination;
3. If conditional status was earned during the May 2000 examination, the transition period shall expire on October 31, 2005 during which time the applicant shall have three opportunities to take the examination;
4. If conditional status was earned during the November 2000 examination, the transition period shall expire on April 30, 2006 during which time the applicant shall have four opportunities to take the examination;
5. If conditional status was earned during the May 2001 examination, the transition period shall expire on October 31, 2006 during which time the applicant shall have five opportunities to take the examination;
6. If conditional status was earned during the November 2001 examination, the transition period shall expire on April 30, 2007 during which time the applicant shall have six opportunities to take the examination;
7. If conditional status was earned during the May 2002 examination, the transition period shall expire on October 31, 2007 during which time the applicant shall have seven opportunities to take the examination;
8. If conditional status was earned during the November 2002 examination, the transition period shall expire on April 30, 2008 during which time the applicant shall have eight opportunities to take the examination;
9. If conditional status was earned during the May 2003 examination, the transition period shall expire on October 31, 2008 during which time the applicant shall have nine opportunities to take the examination; or
10. If conditional status was earned during the November 2003 examination, the transition period shall expire on April 30, 2009 during which time the applicant shall have 10 opportunities to take the examination.

(c) If an applicant who has previously obtained conditional credit does not pass all remaining test sections during the transition period within the number of opportunities provided in (b) above, conditional credits earned under the paper-and-pencil Certified Public Accountant Examination shall expire and the applicant shall lose credit for the test sections earned under the paper-and-pencil examination.

(d) Notwithstanding (c) above, any test section(s) passed during the transition period shall be subject to the conditioning

provisions set forth in N.J.A.C. 13:29-1A.4, except that an applicant who has previously obtained conditional credit under the paper and pencil examination shall not lose conditional credit for a test section of the computer-based examination that is passed during the transition period, even though more than 18 months may have elapsed from the date the test section is passed, until the end of the transition period.

13:29-1A.6 Calculation of conditional credit earned on the paper and pencil examination in or before November 2003

(a) This section shall apply to conditional credit earned in the Certified Public Accountant Examination in or before November 2003. Conditional credit earned after the November 2003 examination shall be subject to the requirements of N.J.A.C. 13:29-1A.5.

(b) Rules on conditional credit are as follows:

1. A candidate who takes the examination for the first time shall be required to take all four sections. On reexamination, the candidate shall be required to take all sections for which he or she has not received conditional credit pursuant to (b)2 below.

2. The candidate who receives a passing grade of 75 or more in at least two of the four sections shall be granted conditional credit provided that the candidate also attains an average grade of 50 on those section(s) not passed.

3. To add to conditional credit pursuant to (b)2 above, the candidate shall attain a grade of 75 or more in the section(s) passed and a grade of 50 on the section not passed.

4. A candidate who received conditional credit for accounting practice alone prior to 1994 shall be granted conditional credit for passing an additional section provided that the candidate also attains an average score of 50 on the two remaining sections not passed.

5. In the event that a candidate fails to successfully complete the examination during the 10 examinations immediately following the first examination at which conditional credit was earned, the candidate shall forfeit all conditional credit, shall revert to the status of a new applicant, and shall be required to take all four sections of the examination.

6. The Board may, in the exercise of its discretion and under extenuating circumstances, extend the period within which conditional credits shall continue to be valid.

7. Conditional credits granted by other jurisdictions may, upon proper application to the Board, be considered for transfer. Credits determined under the laws and regulations of the issuing jurisdiction may be recognized by the Board provided the issuing jurisdiction's requirements, at a minimum, are equivalent to the requirements set forth in this rule. Conditional credits shall not be recognized unless such credits were obtained in a manner consistent with the provisions of (b)1, 2 and 3 above. In all cases, the duration of recognized conditional credit shall not be continued beyond the period determined by the rules of the Board.

13:29-1A.7 Security and irregularities; cheating

(a) Notwithstanding any other provisions of this subchapter, the Board may postpone scheduled examinations, the release of grades, or the issuance of licenses due to a breach of examination security; unauthorized acquisition or disclosure of the contents of an examination; suspected or actual negligence, errors, omissions, or irregularities in conducting an examination; or for any other reasonable cause or unforeseen circumstance.

(b) Cheating by an applicant in applying for, taking, or subsequent to the examination shall be deemed to invalidate any grade otherwise earned by the applicant on any test section of the examination, and may warrant summary expulsion from the test site and disqualification from taking the examination for a specified period of time.

(c) For purposes of this section, the following actions or attempted activities, among others, may be considered cheating:

1. Falsifying or misrepresenting educational credentials or other information required for admission to the examination;
2. Communication between applicants while the examination is in progress both inside or outside the test site or copying another applicant's answers;
3. Communication with others inside or outside the test site while the examination is in progress;
4. Substitution of another person to sit in the test site in place of the actual applicant;
5. Violating the nondisclosure prohibitions of the examination or aiding or abetting another in doing so; or
6. Retaking or attempting to retake a test section by an individual holding a valid license or by an applicant who has unexpired credit for having already passed the same test section, unless the individual or applicant has been expressly directed to retake the test section pursuant to a Board order or expressly authorized by the Board to retake the test section.

(d) In any case where it appears that cheating has occurred or is occurring, the applicant may be summarily expelled from the examination or moved to a position in the test site away from other examinees where the applicant may be watched more closely.

13:29-1A.8 Applications for license by endorsement

(a) Applications for a license by endorsement shall be made on a form supplied by the Board that shall require applicants to provide the following information:

1. The month and year of the applicant's successful completion of the Uniform CPA Examination;
2. A list of all states or jurisdictions in which the applicant holds or has ever held a license to practice accountancy;
3. All academic degrees held by the applicant; and
4. All experience and employment the applicant has obtained since being awarded his or her academic degree.

(b) Applications for licensure by endorsement shall be accompanied by the following items:

1. The endorsement, initial license and application fees as set forth in N.J.A.C. 13:29-1.5;
2. Written verification from the issuing authority in all foreign and domestic jurisdictions where the applicant holds a license, that the applicant's license in the jurisdiction is valid and in good standing, and setting forth the applicant's full name, license number and the date the license was issued.

(c) Applicants shall appear upon request before the Board or any Committee appointed by the Board for the purpose of determining whether the applicant satisfies the requirements set forth at N.J.A.C. 13:29-1A.3.

13:29-1A.9 Public School Accountant's license

The holder of a license as a Certified Public Accountant or registered municipal accountant shall be granted a Public School Accountant's license upon application to the Board, and the payment of a fee for a period of three years, as set forth in

N.J.A.C. 13:29-1.5.

13:29-1A.10 Licensee requirements; renewal; suspended license; reinstatement

(a) Applicants who satisfy the requirements of this subchapter shall pay the initial license fee as set forth in N.J.A.C. 13:29-1.5.

(b) Every successful applicant shall comply with the Rules of Professional Conduct in N.J.A.C. 13:29-3.

(c) A Certified Public Accountant shall renew his or her license for a period of three years from the last expiration date. The licensee shall remit a renewal application to the Board, along with the renewal fee set forth in N.J.A.C. 13:29-1.5, prior to the date of license expiration. A licensee who submits a renewal application within 30 days following the date of license expiration shall submit the renewal fee, as well as the late fee set forth in N.J.A.C. 13:29-1.5. A licensee who fails to submit a renewal application within 30 days of the date of license expiration shall have his or her license suspended without a hearing.

(d) A licensee who continues to engage in the practice of accountancy with a suspended license shall be deemed to be engaging in the unauthorized practice of accountancy and shall be subject to the penalties set forth in N.J.S.A. 45:1-25 et seq.

(e) A licensee who has had his or her license suspended pursuant to (c) above may apply to the Board for reinstatement within five years following the date of license expiration. A licensee applying for reinstatement shall submit a renewal application, all past delinquent renewal fees and the reinstatement fee set forth in N.J.A.C. 13:29-1.13, as well as evidence of having completed all delinquent continuing professional education credit hours consistent with the requirements set forth in N.J.A.C. 13:29-6.2(c).

SUBCHAPTER 2. REGISTERED MUNICIPAL ACCOUNTANTS

13:29-2.1 Applications; requirements

Every applicant for the Registered Municipal Accountant's examination shall submit to the Board a written application on a form to be provided by the Board and a two-inch by two-inch, passport photograph, front view, without a hat, taken within 30 days prior to application, provided that the applicant holds a New Jersey license to engage in the practice of public accountancy that is in good standing.

13:29-2.2 Examination

(a) The Registered Municipal Accountant's examination shall be held in December of each year, at a place designated by the Board. Applications shall be filed with the Executive Director of the Board by November 1 for the December examination.

(b) After the application has been approved, an admission card shall be mailed to the applicant which shall be used for admittance to the examination room. This card shall be kept in the possession of the applicant during the examinations and handed to a proctor at the conclusion of the examination.

(c) The Registered Municipal Accountant's examination shall be in writing, but this shall not bar additional examinations of such other nature as the Board may deem necessary.

(d) Examination papers are the property of the Board and shall be left with the proctors.

(e) Examination papers shall remain in the possession of the Board or its designee for a period of six months after each examination, and during the six months, any applicant may make arrangement to review the examination papers. Examination papers shall be destroyed after this six-month period has expired.

(f) Applicants for the Registered Municipal Accountant's examination shall be given a number for identification purposes and only this number shall be used on all papers.

(g) The Registered Municipal Accountant's examination shall include questions on the following:

1. Theory of municipal accounting and problems in municipal accounting;
2. Municipal law and finance;
3. Auditing;
4. Any additional related subjects as determined by the Board.

(h) Applicants shall attain a grade of 75 in order to pass the Registered Municipal Accountant's examination.

13:29-2.3 Licensee requirements; renewal; suspended license; reinstatement

(a) Applicants who satisfy the requirements of this subchapter shall pay the initial license fee set forth in N.J.A.C. 13:29-1.13.

(b) Applicants granted a license pursuant to this subchapter shall comply with the Rules of Professional Conduct set forth in N.J.A.C. 13:29-1.5.

(c) The holder of a Registered Municipal Accountant's license shall renew the license for a period of three years from the last expiration date. A licensee shall remit a renewal application to the Board, along with the renewal fee set forth in N.J.A.C. 13:29-1.5, prior to the date of license expiration. A licensee who submits a renewal application within 30 days following the date of license expiration shall submit the renewal fee, as well as the late fee set forth in N.J.A.C. 13:29-1.5. A licensee who fails to submit a renewal application within 30 days of the date of license expiration shall have his or her license suspended without a hearing.

(d) A licensee who continues to practice with a suspended license shall be deemed to be engaging in unauthorized practice and shall be subject to the penalties set forth in N.J.S.A. 45:1-25 et seq.

(e) A licensee who has had his or her license suspended pursuant to (c) above may apply to the Board for reinstatement within five years following the date of license expiration. A licensee applying for reinstatement shall submit a renewal application, all past delinquent renewal fees and the reinstatement fee set forth in N.J.A.C. 13:29-1.5, as well as evidence of having completed all delinquent continuing professional education credit hours consistent with the requirements set forth in N.J.A.C. 13:29-6.2(c).

SUBCHAPTER 3. RULES OF PROFESSIONAL CONDUCT

13:29-3.1 Independence

(a) A licensee or a firm of which he or she is a partner, member or a shareholder shall not express an opinion on financial statements of an entity or organization in such a manner as to imply that he or she is acting as an independent public accountant with respect thereto unless he or she or his or her firm is independent with respect to such entity or organization. Independence shall be considered to be impaired if, for example:

1. During the period covered by the financial statements, during the period of the professional engagement, or at the time of expressing an opinion, the licensee or his or her firm:

i. Was associated with the entity or organization as a promoter, underwriter or voting trustee, or as a director or officer or in any capacity equivalent to that of a member of management or of an employee; or

ii. Was a trustee for any pension or profit-sharing trust of the entity or organization.

2. During the period of this professional engagement, or at the time of expressing his or her opinion, the partner, member or firm:

i. Had or was committed to acquire any direct or material indirect financial interest in the entity or organization; or

ii. Was a trustee of any trust or executor or administrator of any estate if such trust or estate had or was committed to acquire any direct or material indirect financial interest in the entity or organization; or

iii. Had any joint closely held business investment with the entity or organization or any officer, director or principal stockholder thereof which was material in relation to his or her firm's net worth; or

iv. Had any loan to or from the entity or organization or officer, director or principal stockholder thereof other than loans of the following kinds made by a financial institution under normal lending procedures, terms and requirements:

(1) Loans obtained by the licensee or his or her firm which are not material in relation to the net worth of the borrower;

(2) Home mortgages; and

(3) Other secured loans, except those secured solely by a guarantee of the licensee or the licensee's firm.

13:29-3.2 Integrity and objectivity

A licensee or the licensee's firm shall not knowingly misrepresent facts, and when engaged in the practice of public accounting, including the rendering of tax and management advisory services, shall not subordinate the licensee's judgment to others. In tax practice, a licensee or the licensee's firm may resolve doubt in favor of the licensee's client as long as there is reasonable support for the licensee's position.

13:29-3.3 Competence

A licensee or the licensee's firm shall not undertake any engagement for the performance of professional services which the licensee cannot reasonably expect to complete with due professional competence, including compliance, where applicable, with N.J.A.C. 13:29-3.5 and 3.6.

13:29-3.4 Forecasts

A licensee or the licensee's firm shall not in the performance of professional services permit the licensee's name to be used in conjunction with any forecast of future transactions in a manner which may reasonably lead to the belief that the licensee vouches for the achievability of the forecast.

13:29-3.5 Auditing standards

A licensee of the licensee's firm shall not permit the licensee's name to be associated with financial statements in such a manner as to imply that the licensee is acting as an independent public accountant with respect to such financial statements unless the licensee has complied with applicable generally accepted auditing standards (GAAS). Statements on Auditing Standards (SAS) issued by the American Institute of Certified Public Accountants, and other pronouncements having similar generally recognized authority, are considered to be interpretations of generally accepted auditing standards,

and departures therefrom shall be justified by those who do not follow them.

13:29-3.6 Accounting principles

(a) A licensee or the licensee's firm shall not express an opinion that financial statements are presented in conformity with generally accepted accounting principles (GAAP) if such financial statements contain any departure from such accounting principles which has a material effect on the financial statements taken as a whole, unless the licensee can demonstrate that by reason of unusual circumstances the financial statements would otherwise have been misleading. In such a case, the licensee's report must describe the departure, the approximate effects thereof, if practicable, and the reasons why compliance with the principle would result in a misleading statement.

(b) For purposes of this rule, generally accepted accounting principles (GAAP) are considered to be defined by pronouncements issued by the Financial Accounting Standards Board (FASB) and its predecessor entities and similar pronouncements issued by other entities having similar general recognized authority.

13:29-3.7 Confidential client information

(a) A licensee or the licensee's firm shall not without the consent of the licensee's client disclose any confidential information pertaining to the licensee's client obtained in the course of performing professional services.

(b) This rule shall not:

1. Relieve a licensee of any obligations under N.J.A.C. 13:29-3.5 and N.J.A.C. 13:29-3.6; or
2. Affect in any way a licensee's obligation to comply with a validly issued subpoena or summons enforceable by order of a court; or
3. Prohibit disclosures in the course of a quality review of a licensee's professional services; or
4. Preclude a licensee from responding to any inquiry made by the Board or any investigative or disciplinary body established by law or formally recognized by the Board.

(c) Members of the Board and professional practice reviewers shall not disclose any confidential client information which comes to their attention from licensees or their firms in disciplinary proceedings or otherwise in carrying out their responsibilities, except that they may furnish such information to an investigative or disciplinary body of the kind referred to above.

13:29-3.8 Contingent fees

(a) A contingent fee is a fee established for the performance of any service pursuant to an arrangement in which no fee will be charged unless a specified finding or result is attained, or in which the amount of the fee is otherwise dependent upon the finding or result of such service.

(b) For the purposes of this section, a fee is not contingent if:

1. It is fixed by a court or other public authority; or
2. In tax matters, it is determined based on the results of a judicial proceeding or the findings of a governmental agency.

(c) A licensee in public practice shall not receive a contingent fee for performing any professional services from a client for whom the licensee or the licensee's firm performs:

1. An audit or review of a financial statement;
2. A compilation of a financial statement accompanied by a report; or
3. An examination of prospective financial information.

(d) The prohibition set forth in (c) above applies during the period in which the licensee or the licensee's firm is engaged to perform any of the services listed, and the period covered by any historical financial statements involved in the listed services.

(e) A licensee in public practice shall not receive a contingent fee for preparing an original or amended tax return or claim for a tax refund for any client.

(f) Any licensee who receives a contingent fee pursuant to this section shall comply with all applicable Federal and State securities laws, rules promulgated thereunder, and registration requirements, including, but not limited to, the Investment Advisers Act of 1940 (15 U.S.C. §§ 80b-1 et seq.), the Uniform Securities Law(1997) (N.J.S.A. 49:3-47 et seq.), the Securities Act of 1933 (15 U.S.C. §§ 77a et seq.), and the Securities Exchange Act of 1934 (15 U.S.C. §§ 78a et seq.).

13:29-3.9 Discreditable acts

A licensee shall not commit any act that reflects adversely on the licensee's fitness to engage in the practice of public accountancy.

13:29-3.10 Advertising

(a) A licensee shall not use or participate in the use of any form of public communication having reference to the licensee's professional services which contains a false, fraudulent, misleading, deceptive or unfair statement or claim. A false, fraudulent, misleading, deceptive or unfair statement or claim includes a statement or claim which:

1. Contains a misrepresentation of fact; or
2. Is likely to mislead or deceive because it fails to make full disclosure of relevant facts; or
3. Contains any testimonial or laudatory statement, or other statement or implication that the licensee's professional services are of exceptional quality; or
4. Is intended or likely to create false or unjustified expectations of favorable results; or
5. Implies educational or professional attainments or licensing recognition not supported in fact; or
6. States or implies that the licensee has received formal recognition as a specialist in any aspect of the practice of public accountancy, if this is not the case; or
7. Represents that professional services can or will be competently performed for a stated fee when this is not the case, or makes representations with respect to fees for professional services that do not disclose all variables affecting the fees that will in fact be charged; or
8. Contains other representations or implications that in reasonable probability will cause an ordinarily prudent person to misunderstand or be deceived.

13:29-3.11 Solicitation

A licensee may directly or indirectly solicit clients by circulars, advertisements or personal communications provided such circulars, advertisements or personal communications do not violate N.J.A.C. 13:29-3.10.

13:29-3.12 Commissions, performance fees and referral fees

(a) A performance fee is compensation to a licensee on the basis of a share of the capital gains upon, or the capital appreciation of, the funds or any portion of the funds of a client.

(b) A licensee in public practice shall not receive a commission or performance fee for recommending or referring to a client any product or service, or receive a commission or performance fee for recommending or referring any product or service to be supplied by a client, or receive a commission or performance fee, when the licensee or the licensee's firm also performs for that client the following:

1. An audit or review of a financial statement;
2. A compilation of a financial statement accompanied by a report; or
3. An examination of prospective financial information.

(c) The prohibition set forth in (b) above applies during the period in which the licensee is engaged to perform any of the listed services, and the period covered by any historical financial statements involving those services.

(d) A licensee in public practice who is not prohibited by this section from performing services for or receiving a commission or performance fee and who is paid or expects to be paid a commission or performance fee shall disclose that fact to any person or entity to whom the licensee recommends or refers a product or service to which the commission or performance fee relates.

(e) Any licensee in public practice who accepts a referral fee for recommending or referring any service of a licensee to any person or entity or who pays a referral fee to obtain a client shall disclose such acceptance or payment to the client.

(f) All disclosures in (d) and (e) above shall:

1. Be made in writing contemporaneously with or prior to the referral or recommendation; and
2. Shall be signed and dated by the person or entity to whom the licensee makes the referral or recommendation, or by the person or entity who was referred to the licensee.

(g) A licensee in public practice who is not prohibited by this section from performing services for or receiving a commission or performance fee shall comply with all applicable Federal and State securities laws, rules promulgated thereunder, and registration requirements, including, but not limited to, the Investment Advisers Act of 1940 (15 U.S.C. § 80b-1 et seq.), the Uniform Securities Law (1997), the Securities Act of 1933 (15 U.S.C. § 77a et seq.), and the Securities Exchange Act of 1934 (15 U.S.C. § 78a et seq.).

13:29-3.13 Incompatible occupation

A licensee or the licensee's firm shall not concurrently engage in the practice of public accountancy and in any other business or occupation which impairs the licensee's independence or objectivity in rendering professional services.

13:29-3.14 (Reserved)

13:29-3.15 Firm names

A licensee shall not practice public accountancy under a firm name which is misleading in any way, as to the legal form of the firm, or as to the persons who are partners, officers, or shareholders of the firm, or as to any matter with respect to which public communications are restricted by N.J.A.C. 13:29-3.10, except that the names of one or more past partners or shareholders may be included in the firm name or its successor.

13:29-3.16 Records

(a) A licensee or the licensee's firm shall furnish to the licensee's client or former client, upon request made within a reasonable time after original issuance of the document in question:

1. A copy of a tax return of the client;
2. A copy of any report, or other document, issued by the licensee to or for such client;
3. Any accounting or other records belonging to, or obtained from or on behalf of, the client which the licensee removed from the client's premises or received for the client's account, but the licensee or the licensee's firm may make and retain copies of such documents when they form the basis for work done by the licensee; and
4. A copy of the licensee's or his or her firm's working papers, to the extent that such working papers include records which would ordinarily constitute part of the client's books and records, and are not otherwise available to the client.

13:29-3.17 through 13:29-3.18 (Reserved)

SUBCHAPTER 4. (RESERVED)

13:29-4.1 (Reserved)

SUBCHAPTER 5. QUALITY ENHANCEMENT PROGRAM

13:29-5.1 Purpose and scope

There is hereby established a Quality Enhancement Program (Program). The purpose of the Program is to improve the quality of financial reporting and to promote the fairness of presentation and the dependability of information on which the public relies for guidance in financial transactions, accounting and business performance. The Program emphasizes education and rehabilitation rather than disciplinary action. Appropriate educational programs or procedures will ordinarily be recommended or required where reporting does not comply with appropriate professional standards. However, when a licensee is unwilling or unable to comply with those standards, or a licensee's professional work is so egregious as to warrant disciplinary action, the Board may resort to such action as is appropriate to protect the public interest.

13:29-5.2 Definitions

The following words and terms, when used in this subchapter, shall have the following meanings unless the context clearly indicates otherwise:

"Practice Unit" means any office of a firm registered with the Board to engage in the practice of public accountancy.

"Report" means an opinion, report, or other form of language that states or implies assurances as to the reliability of any financial statements, and that also includes or is accompanied by any statement or implication that the person or firm issuing it has special knowledge or competence in accounting or auditing.

13:29-5.3 Quality Enhancement Committee; members; duties; compensation

(a) The Director of the Division of Consumer Affairs shall annually appoint a Standing Committee to be known as the Quality Enhancement Committee (Committee) to assist the Board in the implementation and administration of the Program:

1. The Director shall receive for consideration nominees from the Board of Accountancy, and shall make the appointments in consultation with the Board;
2. The Committee will consist of no fewer than five members, all of whom must be licensees and holders of currently valid registrations issued under N.J.S.A. 45:2B-8, 13 or 33;
3. At least one member of the Committee shall be a Certified Public Accountant, at least one shall be a Public Accountant, and at least one shall be a Registered Municipal Accountant. At least two committee members will also be members of the State Board of Accountancy.

(b) The Committee's responsibilities shall include:

1. Developing procedures for the internal operation of the Board staff and of the Committee;
2. Assisting the Board in the selection and training of volunteer reviewers;
3. Developing criteria for assignment of volunteer reviewers to specific report reviews, taking into account such criteria as the Board determines appropriate;
4. Developing and recommending to the Board a system for selection of reports to be reviewed;
5. Evaluating the findings of the volunteer reviewers, assigning certain reports for field workpaper reviews upon directive by the Board, and making final recommendations to the Board;
6. Compiling and reporting to the Board statistics on the impact and effect of the Program; and
7. Considering such other matters and performing such other duties regarding the Program as may be delegated to it by the Board from time to time.

(c) Committee members shall be compensated on a per diem basis at a rate as determined by the Attorney General, such compensation to be drawn from current license and registration fees.

13:29-5.4 Reports to be furnished at request of Committee

(a) In accordance with a schedule to be set by the Committee, each practice unit shall complete a questionnaire indicating:

1. The number of audit, review and compilation reports issued by the practice unit during the most recent twelve-month period prior to renewal of registration;
2. Whether it has undergone any change of ownership or composition; and
3. Whether it has undergone another type of quality review within the three years prior to the most recent renewal of registration.

(b) Based upon the information contained in the questionnaires in (a) above, the Committee shall select practice units for report review. The practice units so selected shall then submit copies of those types of reports issued by the practice unit

requested by the Committee.

(c) The Committee may also review financial statements and related reports of practice units submitted to it by the Board or by government or public agencies.

13:29-5.5 Exceptions

A practice unit which within the three years immediately preceding selection by the Committee pursuant to N.J.A.C. 13:29-5.4 had been subjected to a quality review acceptable to the Board may be excepted from the requirements of N.J.A.C. 13:29-5.4 above; provided, however, that a copy of the report of such quality review is submitted upon request by the Committee.

13:29-5.6 Confidentiality

(a) Any documents submitted in accordance with N.J.A.C. 13:29-5.4 shall have deleted the name of the client, the client's address and other identifying factors, provided that the deletion does not render the type or nature of the entity or organization undeterminable.

For example, the client name, address, or Federal identification number shall be deleted, but reference to the type of entity or organization, such as financial institution, school district or hospital shall be indicated.

(b) The identities of persons or entities who submit financial statements and reports to the Board or the Committee, other than the licensees who issued the reports, shall be preserved in confidence unless expressly ordered by the Board.

13:29-5.7 Review and evaluation of submitted reports

(a) The Committee, with respect to each report that it reviews, shall:

1. Determine whether the report is in general conformity with applicable professional standards;
2. Determine in what respects, if any, the report is deficient, inaccurate, significantly misleading or significantly deficient;
3. Make recommendations to improve the quality of the report, and report its findings and recommendations to the Board; and
4. Classify reports as: Unmodified, Unmodified with a Letter of Comment, Modified for Significant Departures from Professional Standards, or Adverse;
 - i. Unmodified reports are those that contain no deficiencies;
 - ii. Unmodified with a Letter of Comment reports are those that contain deficiencies such as departures from technical reporting or accounting or auditing standards, but of the type that do not render the report significantly inaccurate or significantly misleading;
 - iii. Modified for Significant Departures from Professional Standards reports are those that are significantly inaccurate or significantly misleading. These reports violate one or more significant reporting standards, or contain significant departures from generally accepted accounting principles or generally accepted auditing standards; and
 - iv. Adverse reports are those that are significantly inaccurate or significantly misleading and the deficiencies noted are so egregious that there is evidence that the licensee is performing work that he or she is not qualified to perform.

13:29-5.8 Committee action on reviewed reports

(a) If the Committee determines that a report is in conformity with applicable professional standards and contains no deficiencies, the Committee shall send an unmodified report without a letter of comments to the practice unit.

(b) If the Committee determines that a report has deficiencies, but of the type that do not render the report significantly inaccurate or significantly misleading, the Committee shall submit to the practice unit an unmodified report with a letter of comment.

(c) If the Committee determines that a report is Modified for Significant Departures from Professional Standards or Adverse, the Committee shall submit to the practice unit a letter of comment detailing the perceived deficiencies noted in connection with the review.

1. Any practice unit which receives a letter of comment pursuant to (c) above shall have 30 days in which to respond in writing. The Committee shall review all such responses, if received in a timely fashion, prior to recommending corrective measures.

2. Where the Committee has determined that a report is Modified for Significant Departures from Professional Standards or Adverse, and following receipt and review of the practice unit's response, if any, to the letter of comment, the Committee may recommend that the practice unit implement planned quality control procedures, as follows:

i. The licensee responsible for the issuance of the report or who substantially participated in preparation of the report or the related workpapers shall successfully complete relevant continuing education courses at his or her own expense;

ii. The practice unit responsible for the issuance of the report shall submit all or specified categories of its reports to a pre-issuance review in a manner and for a period prescribed by the Committee; or

iii. The practice unit responsible for the issuance of the report shall submit to another Quality Enhancement Review pursuant to this rule.

3. Where the Committee has determined that a report is significantly inaccurate, or significantly misleading, and following the receipt and review of the practice unit's response, if any, to the letter of comment, the Committee may take any of the following actions in addition to those set forth in (c)2 above:

i. Recommend to the Board that it direct that an on-site review which includes a review of the workpapers be conducted by a reviewer employed by the Board.

ii. Recommend that the Board require that the licensee or practice unit responsible for the issuance of the significantly inaccurate or significantly misleading report undertake any of a variety of measures, as determined by the Board, intended to improve the quality of reporting by the licensee or practice unit.

(d) Where the Board requires that a licensee or practice unit responsible for the issuance of a report containing significant deficiencies undertake a measure which would impose substantial burdens on the professional practice, the licensee or practice unit affected shall have the right to a hearing in accordance with the Administrative Procedure Act, N.J.S.A. 52:14B-1 et seq.

(e) Failure to comply with the recommendations of the Committee pursuant to (c) above may cause the Committee to recommend to the Board that it initiate appropriate disciplinary action against the licensee or practice unit according to N.J.S.A. 45:1-14 et seq. and N.J.S.A. 45:2B-1 et seq.

(f) The State Board of Accountancy reserves the right to take any action it deems necessary if it appears that the

professional conduct reflected in a report that is Modified for Significant Departures from Professional Standards or Adverse is so serious as to warrant consideration of possible disciplinary action.

13:29-5.9 Reports and reviews not public records

(a) Reports submitted by practice units for review in accordance with this subchapter shall not be deemed to be public records and are not required to be disclosed under the Public Records Disclosure Act, N.J.S.A. 47:1A-1 et seq.

(b) Comments of reviewers, the Committee and the Board on reports submitted by practice units or workpapers relating thereto, as well as review results are deemed not to be public records and shall not be released to anyone other than the practice unit being reviewed, the Attorney General or his designee, or a Board representative.

SUBCHAPTER 6. CONTINUING PROFESSIONAL EDUCATION

13:29-6.1 Scope

All licensees subject to the provisions of N.J.S.A. 45:2B-42 et seq. shall comply with the provisions of this subchapter relating to continuing professional education (CPE). These rules apply to all licensees registered by the Board of Accountancy in order to enhance the professional competence of such licensees.

13:29-6.2 Credit-hour requirements

(a) Each applicant for a triennial license renewal is required to complete, during the preceding triennial period, 120 hours of continuing professional education. The types of continuing professional education programs and other sources of continuing professional education for which credit hours may be obtained are set forth in N.J.A.C. 13:29-6.5. The 120 hours of continuing professional education shall include at least 24 credit hours in the areas of auditing, review and compilation for persons who are engaged in the practice of public accounting or are involved with the attest function in issuing audit, review or compilation reports. All applicants shall complete at least 72 credit hours of the required 120 credit hours in the technical subjects set forth in N.J.A.C. 13:29-6.3. All applicants shall complete four credit hours of the required 120 credit hours in the New Jersey law and ethics course set forth in N.J.A.C. 13:29-6.3A. The remaining 44 credit hours of the required 120 credit hours may include subjects specified in N.J.A.C. 13:29-6.4. No licensee shall receive credit for any course offered by a Board-approved continuing professional education sponsor in subjects other than those enumerated in N.J.A.C. 13:29-6.3, 6.3A or 6.4. For the triennial period commencing January 1, 2003 only, a licensee who has completed an approved law and ethics course, in addition to the required 120 hours of continuing professional education in the preceding triennial period, may apply the four credit hours in the New Jersey law and ethics course toward satisfaction of the requirements of this subsection.

(b) Persons failing to meet the continuing professional education requirements for a triennial renewal period shall not be issued a current license until such continuing professional education requirements have been satisfied. The Board may modify this policy on an individual basis under circumstances specified under N.J.S.A. 45:2B-68. Failure to meet triennial continuing professional education requirements may subject a licensee to disciplinary action by the Board.

(c) The Board may, in its discretion, waive requirements for continuing professional education on an individual basis for reasons of hardship such as health, military service, or other due cause. A waiver of continuing professional education requirements granted pursuant to this subsection shall be effective only for the triennial period in which such waiver is granted. If the condition(s) which necessitated the waiver persists into the next triennial period, a licensee shall apply to the Board for the renewal of such waiver for the new triennial period. Inactive accountants shall be exempt from continuing professional education requirements. Inactive accountants are those who do not practice accounting (public or private) or hold themselves out to the public as practicing accountants in any professional capacity. Any inactive accountant who returns to the practice of accounting shall notify the Board prior thereto and shall meet the continuing professional education requirements by completing 120 credit hours of continuing professional education requirements prescribed by this

subchapter within the three-year period prior to reinstatement. Accountants inactive for more than one year, but not exceeding two years, shall satisfy at least 80 credit hours of continuing professional education within the two-year period prior to reinstatement. Accountants inactive for one year or less shall satisfy continuing professional education requirements by completing at least 40 credit hours of continuing professional education in the year prior to reinstatement.

(d) An applicant, upon successful completion of the Uniform CPA Examination, shall be exempt from the requirements of (a) above for only the triennial period during which the applicant successfully completed such examination.

13:29-6.3 Qualifying technical subjects

(a) The following subjects are acceptable for satisfaction of the required 72 credit hours of continuing professional education in technical subjects over the triennial period:

1. Accounting;
2. Auditing, including, but not limited to, review, compilation and attest standards;
3. Business law;
4. Computer Science;
5. Economics;
6. Finance;
7. Management advisory services;
8. Mathematics, statistics, etc.;
9. SEC practice;
10. Taxation; and
11. Professional ethics.

(b) Any of the subjects in (a) above may be in specialized areas, such as governmental, not-for-profit organizations, film industry, real estate, and farming.

(c) Auditing, review and compilation includes the body of knowledge that deals with the basic service of the public accounting profession, that is, examination and reporting on financial statements. Also included in this area is the examination or review of internal and administrative controls, operations and government programs. Relevant program offerings could include audit theory and philosophy; generally accepted auditing standards; study and evaluation of internal control; substantive audit procedures; audit sampling; reporting on financial statements; review services; and computer and government auditing. Qualifying subject matter will include courses covering pronouncements or regulations issued by recognized authorities such as the FASB, AICPA, SEC or other government agencies (state and Federal) dealing with auditing, financial reporting, or application of generally accepted accounting principles.

(d) Subjects other than those listed in (a) above may be acceptable for continuing professional education credit if the licensee can demonstrate to the satisfaction of the Board that such subject or specific program contributes to the maintenance of the licensee's professional competence.

13:29-6.3A New Jersey law and ethics course

Each applicant for triennial license renewal shall complete, during the preceding triennial period, a four credit course on New Jersey law and ethics approved by the Board pursuant to N.J.A.C. 13:29-6.6(c).

13:29-6.4 Other qualifying subjects

Courses related to personal or professional development of the licensee, or courses directly associated with the administration of the licensee's practice, shall be accepted towards satisfaction of continuing professional education requirements. Included in this category are courses that concentrate on the practice management areas, such as organizational structure, human resource management and other administrative matters. Courses which relate to a licensee's personal skills such as speaking, leadership and managing people or organizations shall also be included in this category. Courses which relate to the development of a licensee's practice or the marketing of services shall not be accepted towards satisfaction of continuing professional education requirements.

13:29-6.5 Continuing professional education programs and other sources of continuing professional education credit

(a) The following qualify as continuing professional education programs provided they contain the subjects enumerated in N.J.A.C. 13:29-6.3, 6.3A and 6.4 and meet the continuing professional education program criteria requirements as set forth in N.J.A.C. 13:29-6.6.

1. Continuing professional education programs of national or state professional organizations: Continuing professional education credit shall be granted at the rate of one credit hour for every 50 minutes of in-class participation.

2. University or college courses: Continuing professional education credit shall be granted for university or college courses in accordance with the following:

i. Applicants shall receive five credit hours continuing professional education credit for each semester credit hour earned; and

ii. Applicants attending noncredit courses shall be granted continuing professional education credit at the rate of one credit hour for every 50 minutes of in-class participation.

3. In-firm educational programs of public accounting firms: Continuing professional education credit shall be granted at the rate of one credit hour for every 50 minutes of in-firm participation.

4. Correspondence programs and other individual study programs: Continuing professional education credit shall be granted for correspondence programs and other individual study programs in accordance with the following:

i. The amount of credit to be allowed for approved correspondence and individual study programs, including taped study programs, shall be recommended by the program sponsor based upon one-half the average completion time calculated by the sponsor after it has conducted appropriate "field tests." Although the program sponsor shall make recommendations concerning the number of credit hours to be granted, the number of credit hours granted shall be as determined by the Board; and

ii. Credit for correspondence and other individual study programs shall only be given in the renewal period in which the course is completed with a successful final examination.

(b) In addition to the continuing professional education programs enumerated in (a) above, continuing professional education credit also shall be awarded for the following if they fall within the subjects enumerated in N.J.A.C. 13:29-6.3,

6.3A and 6.4 and meet the continuing professional education program criteria as set forth in N.J.A.C. 13:29-6.6.

1. Technical meetings: Licensees who participate in meetings of professional accounting organizations shall be awarded continuing professional education credit for that portion of the meeting which is structured as a continuing professional education program. Continuing professional education credit shall be granted at the rate of one credit hour for every 50 minutes of the licensee's participation.

2. Professional accounting meetings, conferences, seminars: Licensees who participate in meetings of professional accounting organizations shall be awarded continuing professional education credit if the meeting is structured as an approved continuing professional education program. Continuing professional education credit shall be granted at the rate of one credit hour for every 50 minutes of the licensee's participation in the meeting.

3. Firm meetings: Licensees who participate in firm meetings for staff or for management groups of professional accounting organizations shall be awarded continuing professional education credit if the meeting is structured as an approved continuing professional education program. Continuing professional education credit shall be granted at the rate of one credit hour for every 50 minutes of the licensee's participation in the meeting.

(c) In addition to the continuing professional education programs enumerated in (a) and (b) above, continuing professional education credit also shall be granted for the following if they involve subjects enumerated in N.J.A.C. 13:29-6.3, 6.3A and 6.4.

1. Service as a lecturer, instructor, discussion leader, or speaker: Continuing professional education credit shall be awarded for service as a lecturer, instructor, discussion leader, or speaker in accordance with the following:

i. One credit hour shall be given for each 50-minute period of service provided the discussion is one which meets the continuing professional education subject requirements of N.J.A.C. 13:29-6.3, 6.3A or 6.4. For the lecturer's, instructor's, discussion leader's, or speaker's preparation time, there shall be awarded two additional hours of continuing professional education credit for each credit hour of instruction. Requests for credit shall be accompanied by an outline of the instruction, discussion, or presentation;

ii. The instructor or discussion leader shall not be given credit for subsequent sessions in the same year involving substantially identical subject matter, except that after one year has elapsed the Board may give one additional credit hour for each 50-minute period of service as an instructor, lecturer, discussion leader, or speaker for the initial presentation, provided the original material has been updated; and

iii. The maximum credit given for service as an instructor, lecturer, discussion leader, or speaker shall not exceed 60 credit hours for the triennial period.

2. Publications: Continuing professional education credit for peer-reviewed publications shall be awarded in accordance with the following:

i. Credit may be claimed for published articles and books by the authors of those works. These publications must contribute to the professional competence of accountants;

ii. Credit shall be given for each 50 minute period of preparation time on a self-declaration basis, not to exceed 30 credit hours for the triennial period. A copy of the publication article shall be submitted to the Board with a request for continuing professional education credit;

iii. In exceptional circumstances, a licensee may request additional credit by submitting the article or book to the Board with an explanation of the circumstances which he or she believes justify an award of greater credit. When licensees request more than 30 credit hours during the triennial period, credit hours awarded shall be determined by the Board on a case-by-

case basis. Factors such as complexity of subject matter, length of publication, and the amount of preparation time shall be considered;

iv. The maximum credit for publication in exceptional circumstances shall not exceed 60 credit hours for the triennial period; and

v. Credit shall be given for each 50 minute period of quality enhancement, technical review or peer review program committee participation, not to exceed 60 credit hours for the triennial period.

13:29-6.6 Criteria for continuing professional education sponsors

(a) In order to qualify as a continuing professional education sponsor in the subject matters set forth in N.J.A.C. 13:29-6.3 and 6.4, the sponsor shall submit an application form prescribed by the Board and obtain a sponsor number. Qualified sponsors shall offer courses which meet the following requirements:

1. Be a formal course of learning which contributes directly to the maintenance of professional competence of a licensee;
2. Be at least one credit hour, 50-minute period, in length;
3. Be conducted by a qualified instructor or discussion leader; and
4. Offer subjects enumerated in N.J.A.C. 13:29-6.3 or 6.4.

(b) A continuing professional education sponsor may receive prior approval for a course of acceptable subject matter set forth in N.J.A.C. 13:29-6.3 and 6.4 and be assigned a designated number of continuing professional education credits by the Board if the program sponsor provides, in writing and on a form provided by the Board, information required by the Board to document the elements of (a) above, and, in addition thereto, certifies that the sponsor shall:

1. Maintain and retain accurate records of attendance for a five-year period;
2. Retain a written outline of course materials for a five-year period; and
3. Comply with the requirements of N.J.A.C. 13:29-6.12 relative to the responsibilities of program sponsors.

(c) A continuing professional education sponsor who wishes to offer a course on New Jersey law and ethics, as set forth in N.J.A.C. 13:29-6.3A, shall apply to the Board in writing for prior approval of the course. As part of the application, the program sponsor shall submit the following:

1. A complete course outline and course materials which shall document, at a minimum, instruction in the following areas:
 - i. The Accountancy Act of 1997, N.J.S.A. 45:2B-42 et seq.;
 - ii. The rules of the New Jersey State Board of Accountancy, N.J.A.C. 13:29, specifically including, but not limited to, the rules of professional conduct set forth in N.J.A.C. 13:29-3;
 - iii. The Uniform Enforcement Act, N.J.S.A. 45:1-7.1, 7.2, 7.3 and 18 et seq.; and
 - iv. The uniform regulations of the Division of Consumer Affairs, N.J.A.C. 13:45C;
2. Information documenting that the course shall be:

- i. A formal course of learning which contributes directly to the maintenance of professional competence of a licensee;
- ii. A total of four credit hours in length; and
- iii. Conducted by a qualified instructor or discussion leader; and

3. A certification verifying that the sponsor shall:

- i. Provide copies of the materials set forth in (c)1 above to each course attendee;
- ii. Maintain and retain accurate records of attendance at the course for a five-year period;
- iii. Retain a written outline of course materials for a five-year period; and
- iv. Comply with the requirements of N.J.A.C. 13:29-6.12 relative to the responsibilities of program sponsors.

(d) A continuing professional education sponsor who has qualified as a sponsor pursuant to (a) above, or has obtained prior Board approval for a course pursuant to (b) above, shall not offer courses for continuing professional education credit to any Board licensee in subject matters other than those enumerated in N.J.A.C. 13:29-6.3 or 6.4. A continuing professional education sponsor who has obtained Board approval pursuant to (c) above shall not offer any New Jersey law and ethics course for continuing professional education credit to any Board licensee other than the law and ethics course approved by the Board to fulfill the four credit hour requirement set forth in N.J.A.C. 13:29-6.2.

13:29-6.7 Credit-hour calculations

(a) The minimum measurement for continuing professional education credit shall be a whole credit hour. Except for those sources of continuing professional education for which another system of credit hour calculation is set forth in this subchapter, a continuing professional education credit hour shall be equivalent to 50 minutes.

(b) Unless otherwise provided, only in-class participation, not student time devoted to preparation, shall be counted toward satisfaction of the continuing professional education requirements of this subchapter.

13:29-6.8 Reporting of continuing education credit hours

(a) Licensees shall provide, at a time prescribed and on forms approved by the Board, a signed statement certifying that continuing professional education requirements have been satisfied and which shall include, where applicable, the following:

- 1. Dates attended;
- 2. Credit hours claimed;
- 3. Title of course and description of content;
- 4. School, firm, or organization sponsoring course;
- 5. Instructor;
- 6. Location of course;
- 7. Public speaking;

8. Lecturing; and

9. Discussion leader activity.

(b) Falsification of any information provided pursuant to (a) above may result in the suspension or revocation of the licenses held by the falsifier.

13:29-6.9 Retention of continuing professional education records

(a) A licensee shall be primarily responsible for documenting satisfaction of continuing professional education requirements. Evidence to support fulfillment of continuing professional education requirements shall be maintained for a period of five years after the completion of educational courses. Such evidence shall be subject to periodic audit by the Board. Satisfactory documentation of the necessary information, including the retention of attendance records and written outlines, shall be accomplished as follows:

1. For courses taken for scholastic credit in accredited universities or colleges, a certified transcript or notarized statement of appropriate school authority shall constitute evidence of satisfactory completion of the course. For noncredit courses taken, a statement of the hours of attendance signed by the instructor, shall be obtained by the licensee.

2. For correspondence and independent study courses, written evidence of completion shall be submitted by the licensee.

i. Acceptable evidence of the completion of a correspondence course shall be a certificate of satisfactory completion acquired by the licensee from the program sponsor.

ii. Acceptable evidence of the completion of an independent study course shall be a summary of the program material drafted by the licensee.

3. If the program sponsor retains a copy of the course materials and a record of attendance, the licensee shall maintain a record of the information listed in N.J.A.C. 13:29-6.8(a). The licensee shall be responsible for determining whether or not the program sponsor retains such records. If there is a dispute concerning whether claimed activity should be granted credit and if the dispute could be resolved by the production of documented information to support the claim of the licensee, the dispute shall be resolved against the licensee if he or she fails to produce evidence sufficient to document his or her claim.

4. If the licensee determines that the program sponsor does not retain the information discussed in (a)3 above, the licensee shall maintain a record of that information and a copy of the course outline prepared by the program sponsor.

13:29-6.10 Continuing professional education requirements; reciprocity or reinstatement

(a) An individual who holds a valid and unrevoked license issued by any state or other political subdivision of the United States and who receives a license to practice in New Jersey under the appropriate provisions of N.J.S.A. 45:2B-42 et seq. shall be required to comply with the continuing professional education requirements applicable to all other licensees.

(b) All qualified persons who wish to apply for reinstatement to public practice in New Jersey shall meet the same continuing professional education requirements applicable to all other licensees for the triennial period in which they wish to be reinstated.

13:29-6.11 Responsibilities of program developers

(a) Program developers shall specify the level of knowledge to be imparted under the continuing professional education program in order to provide sufficient information to potential participants and sponsors. As an illustration, a program may be described as having the objective of imparting technical knowledge at such levels as basic, intermediate, advanced, or

overview, which may be defined as follows:

1. A basic level program teaches fundamental principles or skills to participants having no prior exposure to the subject area;
2. An intermediate level program builds on a basic level program in order to relate fundamental principles or skills to practical situations and extend them to a broader range of applications;
3. An advanced level program teaches participants to deal with complex situations; and
4. An overview program enables participants to develop perspective as to how a subject area relates to the broader aspects of accounting or brings participants up-to-date on new developments in the subject area.

(b) Program developers shall clearly identify what prerequisites are suggested for enrollment. If no prerequisite is necessary, a statement to this effect shall be made. Prerequisites shall be specified in precise language so potential participants may readily ascertain whether the program would be beneficial to them or whether the program is above or below their level of knowledge or skill.

(c) Programs shall be developed by individuals qualified in the subject matter and in instructional design. An individual program developer need not be both technically competent and competent in instructional design, provided that both types of competency are represented in the program's development. Mastery of the technical knowledge or skill in instructional design may be demonstrated by appropriate experience or educational credentials.

(d) The program developer shall review the course materials periodically to ensure that they are accurate and consistent with currently accepted standards relating to the program's subject matter. Between these reviews, errata sheets shall be issued where appropriate, and obsolete material shall be deleted; however, between the time a new pronouncement is issued and the issuance of errata sheets or removal of obsolete materials, the instructor shall be responsible for informing participants of changes. If, for example, a new accounting standard is issued, a program shall not be considered current unless the ramifications of the new standard have been incorporated into the materials or the instructor appropriately informs the participants of the new standard.

13:29-6.12 Responsibilities of program sponsors

(a) In addition to the requirements of N.J.A.C. 13:29-6.6, continuing professional education program sponsors shall comply with the following requirements:

1. Disclosure to prospective participants: The program sponsor shall disclose in advance to prospective participants the objective, prerequisites, experience level, content, required advanced preparation, teaching method, and number of continuing professional education credits involved in the program. Sponsors shall also advise participants, in advance, of courses which qualify as "auditing" pursuant to N.J.A.C. 13:29-6.3(a).

2. Selection and review of instructors: The program sponsor shall select and assign qualified instructors for the continuing professional education program. Sponsors shall evaluate the performance of the program instructors at the conclusion of each program to determine the instructors' suitability to continue to serve as instructors in the future.

3. Number of participants and adequacy of physical facilities: The program sponsor shall be responsible for assuring that the number of participants and the physical facilities are consistent with the teaching methods to be utilized.

4. Program evaluation: Program evaluation shall be in accordance with the following:

- i. The sponsor shall provide some means of program evaluation. Evaluations shall be solicited from both the participants

and instructors. Programs shall be evaluated to determine whether:

- (1) Objectives have been met;
- (2) Prerequisites were necessary or desirable;
- (3) Facilities were satisfactory;
- (4) The instructor was effective;
- (5) Advanced preparation materials were satisfactory; and
- (6) The program content was timely and effective.

ii. Evaluations shall take the form of one or a combination of pretests for advanced preparation, post-tests for effectiveness of the program, questionnaires completed at the end of the program or later, or oral feedback to the instructor or sponsor. Instructors shall be informed of their performance, and sponsors shall systematically review the evaluation process to insure its effectiveness.

13:29-6.13 Sponsor's failure to comply with continuing education responsibilities

Failure of a sponsor to comply with the requirements for continuing professional education programs, as set forth in N.J.A.C. 13:29-6.6, and responsibilities of program sponsors, as set forth in N.J.A.C. 13:29-6.12, may result in the suspension of the preapproved status for programs offered by the sponsor.